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FISCAL IMPACT STATEMENT

LS 6150

BILL NUMBER: HB 1246

NOTE PREPARED: Nov 7, 2004

BILL AMENDED:

SUBJECT: Build Indiana Fund.

FIRST AUTHOR: Rep. Grubb

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill provides that part of the gaming revenue set aside each year for revenue sharing shall be used to fund local Build Indiana Fund projects for which appropriations were made before December 31, 2001. The bill also requires the Budget Agency to set up a procedure for implementing the gaming revenue distributions and for approving, after Budget Committee review, projects for funding.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill could potentially divert approximately \$21.2 M annually for three years (FY 2006-FY 2008) from gaming revenue sharing to BIF local capital projects for which appropriations were made prior to December 31, 2001, but have not been approved for funding by the Budget Committee. Thus, from FY 2006 to FY 2008 gaming revenue sharing to non-riverboat counties could be reduced from \$33.0 M to \$11.8 M each year. It is estimated that BIF could potentially have an ending balance of about \$20.1 M in FY 2005 and \$13.8 M each year beginning in FY 2006. To the extent that these balances are utilized to pay for suspended BIF local capital projects, the impact on gaming revenue sharing due to this bill would be reduced. BIF local capital project appropriations totaling \$63.6 M are currently suspended as part of the Governor's 2002 Deficit Management Plan. Under the Deficit Management Plan, appropriations were

suspended for BIF state and local capital projects to allow for the transfer of \$247.3 M from BIF to the state General Fund.

Revenue Sharing: Under current law, the first \$33.0 M in Riverboat Wagering Tax collections during a fiscal year are earmarked for local revenue sharing. The revenue sharing amount must be distributed on a per capita basis to counties not containing riverboat casinos, and to cities and towns in those counties.

Background: Resources Available to BIF - The Build Indiana Fund (BIF) receives funds from two sources: (1) surplus Lottery revenue and (2) revenues from gaming taxes and pari-mutuel taxes. Under current statute, surplus Lottery revenue in the Lottery Commission's Administrative Trust Fund is first transferred to the Teachers' Retirement Fund (TRF) and the Pension Relief Fund (PRF). Once these transfers are made, the remaining surplus Lottery revenue is distributed to BIF.

Current statute also requires distribution of revenue from the Riverboat Wagering Tax, the Pari-mutuel Wagering Tax, the Pari-mutuel Satellite Facility Tax, the Charity Gaming Excise Tax, and the Charity Gaming License Fee to BIF. The total annual distribution to BIF from Lottery, gaming, and pari-mutuel sources is effectively capped at \$250 M. This is because the annual distribution of Riverboat Wagering Tax revenue is limited to an amount equal to \$250 M minus the sum of the surplus Lottery revenue and revenue from other gaming and pari-mutuel taxes distributed to BIF during that fiscal year. The required amount of Riverboat Wagering Tax is transferred to BIF from the Property Tax Replacement Fund (PTRF) at the end of the fiscal year.

Distributions from BIF - Under current statute, \$236.2 M annually must be transferred from BIF to the Motor Vehicle Excise Tax Replacement Account (MVETRA) within the state General Fund. Money remaining in BIF after the MVETRA transfer is available for state and local capital projects. It is estimated that \$20.1 M will be available for state and local capital projects in FY 2005; and potentially \$13.8 M in FY 2006. The table below contains actual and projected BIF revenue and spending totals for FY 2003 to FY 2006.

Surplus Lottery and Gaming Revenue & Distributions (Millions)*

Revenues & Distributions	FY 2003 (Actual)	FY 2004 (Actual)	FY 2005 (Projected)	FY 2006 (Projected)
Beginning Balance in BIF	24.5	(0.9)	6.3	0.0
Surplus Lottery Revenue in Adm. Trust Fund	168.7	198.5	165.0	165.0
TRF Transfer	(30.0)	(30.0)	(30.0)	(30.0)
PRF Transfer	(30.0)	(30.0)	(30.0)	(30.0)
Surplus Lottery Revenue to BIF	108.7	138.5	105.0	105.0
Surplus Gaming Revenue to BIF	141.3	111.4	145.0	145.0
Interest	0.9	0.0	0.0	0.0
Transfers to BIF**	134.9	0.0	0.0	0.0
Total Resources in BIF^	410.3	249.1	256.3	250.0
MVETRA Transfer	(236.2)	(236.2)	(236.2)	(236.2)
PTRF Transfer^*	(175.0)	0.0	0.0	0.0
Total Transfers	(411.2)	(236.2)	(236.2)	(236.2)
Amount Available for State & Local Capital Projects	0.0	12.9	20.1	13.8
Amount Allotted to State & Local Capital Projects^^	0.0	6.6		

*Updated 9/24/04.

**Transfers into BIF totaling \$131.8 M from the state General Fund for Motor Vehicle Excise Tax Replacement; \$3.0 M from the State Fair; and \$100,000 from loan repayments.

^FY 2004 individual resources do not sum to the total resources amount due to rounding.

^*Transfer required under 2001-03 Biennial Budget (P.L. 291-2001).

^^Actual totals in FY 2003 and FY 2004.

State Agencies Affected: State Budget Agency, Budget Committee.

Local Agencies Affected: Local units receiving gaming revenues; local units with suspended BIF projects.

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